

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)
) Chapter 11
NOVAN, INC., *et al.*,¹)
) Case No. 23-10937 (LSS)
Debtors.) (Jointly Administered)
)
) **Hearing Date: Aug. 4, 2023, at 1:00 p.m. (ET)**
) **Bid Procedures Objection Deadline: Aug. 1, 2023,**
) **at 4:00 p.m. (ET)**
) **Committee Deadline at the Hearing**
)

NOTICE OF MOTION AND HEARING REGARDING MOTION OF DEBTORS FOR ENTRY OF ORDERS (I)(A) APPROVING BIDDING PROCEDURES FOR SALE OF SUBSTANTIALLY ALL OF DEBTORS’ ASSETS FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES AND DESIGNATING LIGAND PHARMACEUTICALS AS A STALKING HORSE BIDDER, (B) SCHEDULING AN AUCTION AND APPROVING THE FORM AND MANNER OF NOTICE THEREOF, (C) APPROVING ASSUMPTION AND ASSIGNMENT PROCEDURES AND (D) SCHEDULING A SALE HEARING AND APPROVING THE FORM AND MANNER OF NOTICE THEREOF; (II)(A) APPROVING THE SALE OF THE DEBTORS’ ASSETS FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES AFTER THE AUCTION AND (B) APPROVING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (III) IN THE ALTERNATIVE, APPROVING THE SALE OF THE DEBTORS’ ASSETS FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES TO LIGAND PHARMACEUTICALS IF NOT APPROVED AS THE STALKING HORSE BIDDER

PLEASE TAKE NOTICE that, on July 17, 2023 (the “Petition Date”), the above-captioned debtors and debtors in possession (collectively, the “Debtors”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”), commencing these chapter 11 cases (the “Chapter 11 Cases”).

PLEASE TAKE FURTHER NOTICE that, on July 17, 2023, the Debtors filed the *Motion of Debtors for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Substantially All of Debtors’ Assets Free and Clear of Liens, Claims, Interests, and Encumbrances and Designating Ligand Pharmaceuticals as a Stalking Horse Bidder, (B) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (C) Approving*

¹ The Debtors in these chapter 11 cases, along with the last four digitals of the Debtors’ federal tax identification number (if applicable), are: Novan, Inc. (7682) and EPI Health, LLC (9118). The corporate headquarters and the mailing address for the Debtors is 4020 Stirrup Creek Drive, Suite 110, Durham, NC 27703.



Assumption and Assignment Procedures and (D) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof; (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances after the Auction and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases: and (III) In the Alternative, Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances to Ligand Pharmaceuticals if Not Approved as the Stalking Horse Bidder (the "Bidding Procedures Motion") [D.I. 16].

PLEASE TAKE FURTHER NOTICE that, responses, if any, to the Bidding Procedures Motion, must be filed on or before **August 1, 2023, at 4:00 p.m. (ET)** (the "Objection Deadline") with the Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801. Notwithstanding the Objection Deadline, if an Official Committee of Unsecured Creditors (the "Committee") is appointed in these cases, any responses or objections from the Committee will be due at the Hearing.

PLEASE TAKE FURTHER NOTICE that, at the same time, you must serve a copy of the response on (a) proposed counsel to the Debtors, Morris, Nichols, Arsht & Tunnell LLP, 1201 Market Street, 16th Floor, Wilmington, Delaware 19801 (Attn: Derek C. Abbott, Esq. (dabbott@morrisnichols.com)); (b) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King St., Lockbox 35, Wilmington, DE 19801 (Attn: Linda J. Casey, Esq. (linda.casey@usdoj.gov)); (c) counsel to Ligand Pharmaceuticals, Incorporated, Morgan Lewis and Bockius LLP, 101 Park Ave. New York, NY 10174 (Attn: Craig A. Wolfe, Esq. (craig.wolfe@morganlewis.com), Jason A. Alderson (Jason.alderson@morganlewis.com), and David K. Shim (David.shim@morganlewis.com)); and (d) counsel to any statutory committee appointed in these Chapter 11 Cases.

PLEASE TAKE FURTHER NOTICE that, at the hearing on first day relief held on July 19, 2023, the Court scheduled the Bidding Procedures Motion for a hearing on **August 4, 2023, at 1:00 p.m. (ET)**.

PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS TO THIS BIDDING PROCEDURES MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPT COURT MAY GRANT THE RELIEF REQUESTED IN THE BIDDING PROCEDURES MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: July 20, 2023
Wilmington, Delaware

Respectfully submitted,

/s/ Derek C. Abbott

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*Proposed Counsel to the Debtors and
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